

Sen. Johnson: Give D-Insurance plan a chance

State Sen. Bert Johnson 11:09 a.m. EDT June 3, 2015



(Photo: Dale G. Young / The Detroit News)

Like other Detroit lawmakers asked to vote for D-Insurance, the no-fault auto insurance reform proffered by Detroit Mayor Mike Duggan, I am faced with a dilemma.

If I support the effort, I can help give many long-suffering Detroiters an affordable auto insurance choice. The plan would offer Detroit motorists significantly less benefit than current no-fault policies. It also would financially pinch Detroit hospital systems that smooth losses from tending to poor city residents by overcharging auto insurers to treat vehicle crash victims.

If I oppose the mayor's proposal, currently the only politically viable plan in Lansing, I will help continue the status quo. It's a status quo where an estimated 50 percent of city motorists drive illegally to get to work, or the

grocery store, or their children's schools, forced to be criminals by a dubious law that mandates they buy a product that is ridiculously expensive in Michigan's largest municipality. And let's not forget the other 50 percent of Detroit motorists, who struggle to pay insurers' exorbitant rates, often at the expense of other life necessities.

I am on record as decrying the current system as inherently racist, permitting predatory insurers to gouge city residents' household budgets. Make no mistake, I still believe that. Nothing has changed.

Nevertheless, many opponents of D-Insurance, or of any no-fault reform, are equally insensitive. Consider, for example, how hospital executives fixate on the impact that any substantive change in insurance law will have on their corporate and personal bottom-lines but dismiss altogether the public policy legitimacy of reining in auto insurance costs run amok. That's not only myopic, it's selfish.

It's equally racist for those hospital chieftains and other D-Insurance adversaries to suggest that Detroiters lack the intellectual capacity to make choices in their best interest.

At its crux, D-Insurance offers city residents one more coverage option than they have today. Specifically, they could (1) continue buying no-fault as we know it now; (2) illegally use a non-city address to purchase traditional no-fault; (3) buy an exploitive short-term policy – some good for no longer than seven days – to facilitate acquisition of their car tags and drive without insurance afterward; (4) choose, as some undoubtedly will, to keep driving bold – sans insurance and illegally; or (5) buy D-Insurance, the mayor's discount auto insurance plan.

Even if it isn't ideal, D-Insurance is a pragmatic approach to a problem that has vexed state and local policymakers for decades. That explains why venerable groups like the Detroit NAACP, black ministers, and ranking black UAW executives champion it.

I will join them in endorsing the endeavor. I have read Mayor Duggan's plan, contributed to its improvement and know that, despite its perceived shortcomings, D-Insurance will offer city residents auto insurance benefits greater than motorists have in 45 states. It also could play a pivotal role in helping to repopulate Detroit by abating one of the major cost impediments to living in the city. What's more, other cities, where there is tangible evidence that more than 50 percent of the motorists are uninsured, could also benefit from such legislation.

Yes, the plan comes with risks. But isn't that what insurance is fundamentally about: Giving consumers the ability to buy as much coverage as they can afford to mitigate their risks? The answer, of course, is yes.

It's time to give D-Insurance a chance. Who knows, it just may prove to be a template for statewide auto insurance reform.

State Sen. Bert Johnson, D-Highland Park, represents the 2nd District.

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Council of Baptist Pastors of Detroit & Vicinity, Inc.

June 16, 2014

The Honorable Mike Duggan, Mayor
City of Detroit
2 Woodward Avenue, Suite 1126
Detroit, Michigan 48226

Dear Mr. Mayor:

On behalf of The Council of Baptist Pastors of Detroit & Vicinity, Inc., this letter serves as The Council's support for the D Insurance Plan that you propose to aid and assist the citizens in the City of Detroit in assuring no-fault insurance.

As expressed and voted upon with approval by The Council's body on June 2, 2015, this proposed *option* of insurance offered by the City, would give opportunity for thousands of Detroiters to purchase affordable car insurance, that would assure stability for the city as it eases pressure on arrest for those who drive without it illegally, assure employers stable dependable workers and insurance that provides medical coverage in case of serious accidents.

The Council believes that this is a step in the right direction in providing the City of Detroit fair and affordable no-fault insurance.

Mr. Mayor, thank you in your assistance of providing a detailed presentation with all questions answered. We request from our Lansing Legislators to support the Mayor in this historic and honorable quest of supplying what is so desperately needed in the City of Detroit, fair and affordable driving insurance.

Please contact Reverend Dr. Lawrence Glass at 313-304-0523, if the Council can be of further support in this matter.

Respectfully yours,

Reverend Dr. Lawrence Glass, President
Reverend Dr. Lawrence Glass, President

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Summary of City of Detroit's Proposal for D-Insurance



- Objective: **Affordable auto insurance rates for Detroit drivers**
 - \$1,800 a year with the legislative changes described below
 - Michigan's former Deputy Insurance Commissioner, and Pinnacle Actuarial Resources, performed the underlying cost analysis.
- Average annual Detroit rates v. suburbs
 - \$3,840 vs. \$1,626 a year
- Estimated 50% of Detroit drivers are driving without car insurance
- Detroit City Charter 9-801: "City may establish an insurance system to provide ... automobile insurance for City residents ..."
- **PIP.** PIP is "Personal Injury Protection", which is primarily medical coverage paid from your auto insurance premium for automobile accidents. After PIP coverage runs out, health care is paid for by employer insurance, Medicare, Medicaid, VA, Obamacare, or any other health care coverage you have. A major cost of auto insurance in Detroit (and in Michigan) is PIP, which pays 100% of health care costs out of your car insurance premium. Michigan's requirement for unlimited PIP coverage is far in excess of any other state and is a major driver of Detroit's excessive rates.

PIP Benefit Comparison: America's 12 No Fault-States

State	MI	NJ	NY	MN	ND	FL	HI	KY	MA	PA	KS	UT
PIP Limit	Unlimited	\$250,000	\$50,000	\$40,000	\$30,000	\$10,000	\$10,000	\$10,000	\$8,000	\$5,000	\$4,500	\$3,000